

## **... FROM THE SENATE GOP HEALTHCARE TASK FORCE**

July 20, 1998

### **Problems With Your HMO?— Kennedy-Care Says Call a Federal Bureaucrat**

Once again, Democrats are making promises they can't keep. Their goal: to impose 359 new federal mandates and regulations on everyone with private health insurance. Yet, the General Accounting Office reports that the bureaucracy on which Kennedy-Care relies can't now meet its existing responsibilities to the 38 million Medicare beneficiaries it's now charged with protecting. Americans want sensible healthcare safeguards —like those in the Republican bill — not broken promises and failing bureaucracies.

#### ***What Kennedy-Care Proposes***

- ☞ 3,828 new federal bureaucrats. . . . 359 new federal mandates. . . . and 59 new sets of federal regulations.

#### ***Government Health Agency Fails to Keep Up With its Current Workload***

- ☞ Last year, the President signed into law reforms of Medicare, to be administered by the Healthcare Financing Administration (HCFA).
- ☞ According to the Government Accounting Office (GAO), HCFA has "missed 25 percent of the implementation deadlines as it attempts to balance the resource demands generated by [last year's legislation] with other competing objectives."
- ☞ Here's a partial list of HCFA shortcomings:
  - A quality review process for skilled nursing facilities hasn't been created.
  - A new prospective payment system for home healthcare is way behind schedule.
  - Hospital outpatient prospective payment schedules are two years behind.
  - An annual prostate screening program for men over 50 is delayed.
  - Hospice services payment updates and improvements aren't finished.
  - Payment reforms for cancer hospitals, and certain other hospitals that incur unique costs, are postponed.

#### ***HCFA Can't Even Keep Medicare Beneficiaries Informed***

- ☞ Last year the President agreed to develop an information and education program for Medicare beneficiaries to explain their choices and options, including booklets, a toll-free number and Internet site.

- ☞ Congress gave HCFA \$95 million to set up this program.
- ☞ This year, HCFA claims that with that appropriation, they can only send booklets to five states, and they have to delay setting up the toll-free line. At this rate, to fully comply with what they agreed to do last year, HCFA will need over \$1 billion.
- ☞ Only 5.5 million of Medicare's 38 million beneficiaries will receive information on choices and options this year.
- ☞ In the private sector, employers who sponsor healthcare plans under ERISA are required to provide enrollees with basic information about their plans. If they don't, they are subject to punishment of a fine of \$100 per day per enrollee, up to a maximum of \$1,000 per enrollee.
- ☞ Applying these penalties to HCFA would result in a penalty of \$32.5 billion.

### ***Restricting Healthcare Improvements***

- ☞ Last year, the President agreed to create private-sector partnerships with accreditors to do quality reviews for Medicare+Choice health plans. However, this year HCFA chose not to bring experts and peers into the process of reviewing the healthcare choices and options of elderly Americans.
- ☞ Instead, HCFA decided that government knows best: it will micromanage each accreditation decision of each accredited managed care organization. In the end, patients lose.

### ***Another Question on Cost***

- ☞ Earlier this year, President Clinton asked Congress for \$6 million to hire 65 new federal bureaucrats to enforce some minor provisions of the Kennedy-Kassebaum legislation in the five states not yet in compliance with the law. That worked out to over \$92,000 per bureaucrat.
- ☞ At that amount, the increased bureaucracy costs in Kennedy-Care (with 3,828 new Washington bureaucrats) alone would be more than \$353 million annually or \$1.8 billion over the next five years.

### ***Republicans Have a Better Way***

- ☞ Senate Republicans have crafted a healthcare bill that protects the unprotected. For the first time, Republicans give new rights and remedies to 48 million Americans in healthcare plans that are currently unregulated by the states.
- ☞ Combined with current and new protections for the 124 million in privately provided health insurance, finally 100 percent of Americans with such healthcare coverage can now be protected from bad actors.
- ☞ State and local protections that are appropriate for the particular region and the perhaps differing needs of the local people lead to much better health outcomes than a one-size-fits-all mandate from Washington.

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Prepared by the Senate Republican Healthcare Task Force